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**FISCAL IMPACT REPORT**



SPONSOR: Knauer DATE TYPED: 2/06/02 HB 402

SHORT TITLE: Short-Term Investment Fund SB \_\_\_\_\_

ANALYST: Smith

**REVENUE**

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	NFI			

(Parenthesis ( ) Indicate Revenue Decreases)

**SOURCES OF INFORMATION**

LFC

No Response

Department of Finance and Administration (DFA)

**SUMMARY**

Synopsis of Bill

House Bill 402 removes the requirement that financial institutions within the boundary of the local government have the “right of first refusal” on that local governments’ public funds. These local banks would have to compete with the state treasurer’s short-term investment fund.

**FISCAL IMPLICATIONS**

The right of first refusal amounts to an implicit subsidy to local financial institutions. Local governments would presumably earn a higher risk adjusted rate of return under this proposal.

SS/ar